

Idaho's Incredible Business Incentives

5 BIG REASONS WHY BUSINESSES PROSPER IN IDAHO!

Idaho integrates programs, services and incentives with an enviable lifestyle to provide a strong, healthy, and profitable business climate.

A person with long brown hair, wearing a bright orange long-sleeved shirt and black leggings, is running away from the camera on a dirt path. The path leads down a grassy hill towards a city skyline in the distance. The city features several tall buildings, including a prominent dark skyscraper. The foreground is filled with dry, yellowish grass and some green patches. The sky is clear and blue.

#1 Idaho offers an inspiring lifestyle.

#2 Idaho extends financial incentives and tax credits.

THE IDAHO CORPORATE ADVANTAGE

Large companies that relocate headquarters or invest in a major administrative expansion in Idaho will benefit from this package. Qualifying companies receive a 6 percent tax credit up to \$5 million in any one year and an enhanced new jobs tax credit starting at \$1,500 and climbing to \$3,000 per job depending on salary levels. A 10 percent real property improvement tax credit of up to \$500,000 in any one year is also available along with temporary property tax rebate for new headquarters and administrative buildings of up to \$2 million a year. Companies also qualify for a rebate of all sales taxes paid on materials used in the construction of new buildings.

THE IDAHO BUSINESS ADVANTAGE

Available for smaller businesses making a minimum \$500,000 investment in new plant and facilities and creating at least 10 new jobs paying above \$40,000 annually plus benefits. Qualifying companies receive an enhanced Investment Tax Credit of 3.75 percent up to \$750,000 in any one year, a new jobs tax credit starting at \$1,500 and climbing to \$3,000 per job, a 2.5 percent real property improvement tax credit up to \$125,000 in any one year along with a 25 percent rebate on sales tax paid on construction materials for the new plant.

3% BROADBAND TELECOM TAX CREDIT

An additional 3 percent investment tax credit of up to \$750,000 in any one year on Idaho state income tax is allowed for qualified broadband equipment used primarily to provide services to public subscribers in Idaho. The credit is transferable.

3% INVESTMENT TAX CREDIT

This credit is available for qualifying new investments in Idaho. It can offset up to 50 percent of your state income tax liability and may be carried forward up to 14 years. In lieu of this income tax credit, a two-year exemption from property tax on qualified personal property is available to taxpayers whose taxable income was negative two years before the personal property was placed in service.

UP TO \$2000 NEW EMPLOYEE TRAINING REIMBURSEMENT

Training costs are reimbursed for each new job paying \$12 an hour or more plus benefits created by companies qualifying for Idaho's Workforce Development Training Fund program. Up to \$3000 reimbursement per new job is allowed in select rural counties.

\$1000 NEW JOBS INCOME TAX CREDIT

This credit is available to any business adding new employees at \$15.50 an hour or more and who are eligible to receive employer provided coverage under an accident or health plan.

\$500 NEW JOBS INCOME TAX CREDIT

Businesses that produce, assemble, fabricate, manufacture or process natural resource products qualify but cannot combine this credit with the \$1000 new jobs tax credit.

5% RESEARCH AND DEVELOPMENT INCOME TAX CREDIT

The cost of basic and qualified research performed in Idaho qualifies for this credit, which is transferable.



Challenging the wild Payette River.



Idaho National Laboratory scientists share technology.

100% PRODUCTION SALES TAX EXEMPTION

Idaho sales and use tax exemptions are available for equipment and materials used directly in manufacturing, processing, mining, fabrication or logging operations; for clean rooms used in semiconductor and semiconductor equipment manufacturing, and any equipment or material used in research and development activities.

NET OPERATING LOSS DEDUCTIONS

Losses up to \$100,000 per tax year can be carried back for two years. If not absorbed in two years, the remaining losses may be carried forward for up to 20 years.

TAX CAP ON PROPERTY VALUES EXCEEDING \$800 MILLION

Companies with property in a single county valued over \$800 million are exempt from paying property taxes on the excess value if they make a yearly capital investment of at least \$25 million in the county and employ a minimum of 1,500 full-time employees in the county.



Fine dining and exhilarating night life.

100% PROPERTY TAX EXEMPTION

Business inventory and registered motor vehicles, vessels and aircraft are exempt.

100% GOODS-IN-TRANSIT TAX EXEMPTION

Goods temporarily stored in Idaho for shipment elsewhere is exempt from property tax, and goods purchased by a carrier in its business and delivered outside of Idaho are exempt from sales tax.

100% POLLUTION CONTROL EQUIPMENT TAX EXEMPTION

No sales or use tax is collected on equipment required by state and federal regulation. Required pollution control facilities are exempt from property tax.

100% INDUSTRIAL FUELS AND RAW MATERIALS EXEMPTION FROM IDAHO SALES TAX



Flexcel workers build fine office furniture.

IDAHO PRIME RATE LOAN PROGRAM

Low-interest loans are offered for any purpose to qualifying small businesses by commercial banks and have up to 85 percent Small Business Administration guaranty.

UP TO \$10 MILLION IN INDUSTRIAL REVENUE BONDING

Tax-free bonds to finance manufacturing, processing, production and assembly projects are issued by a public corporation with the project or business serving as collateral.

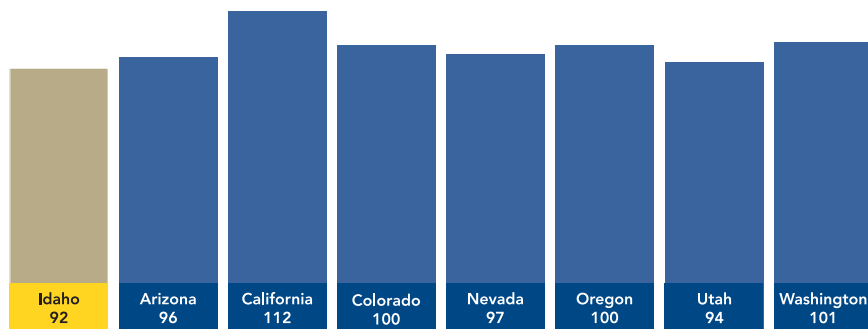


Night skiing 16 miles from Boise.

#3 Idaho compares favorably to other western states.

Overall Business Costs

Economy.com ranks Idaho among the 10 states with the lowest overall costs of doing business. The Corporation for Enterprise Development rates Idaho No. 1 in manufacturing investment and 6th in long-term employment growth.

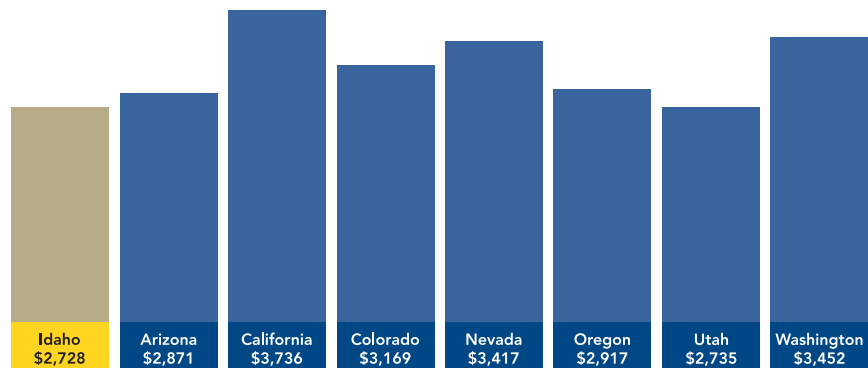


Overall Business Costs in Western States

Source: Moody's Economy.com Index, March 2005

Per Capita Taxes

Idaho's per capita tax burden is among the lowest in the West. Our tax revenues come from a balanced mix of personal income, sales, property and corporate taxes, providing a stable base to fund public services without unfairly burdening any sector. Plus, Idaho's state and local government debt per capita is the lowest in the nation.

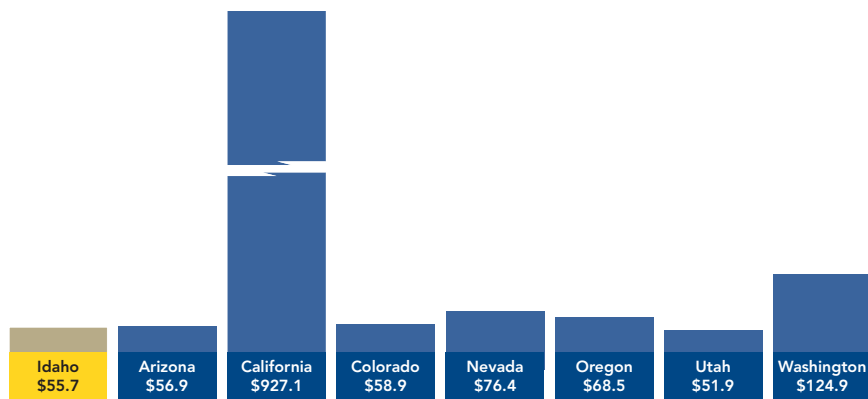


Annual Per Capita State & Local Taxes in Western States

Source: U.S. Bureau of the Census, State & Local Government Finances, May 31, 2006

Workers' Comp Rates

Idaho employers with workers' compensation insurance pay some of the lowest premiums in the country. And, if lower-than-normal rates create a surplus, policyholders save in the form of rate deviations or actual dividends.

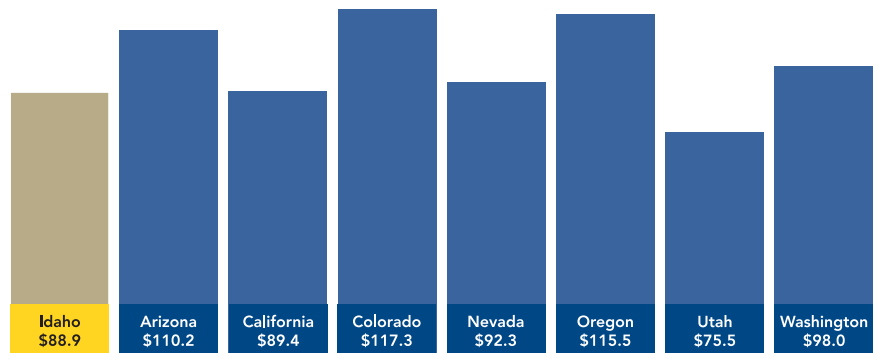


Annual Workers' Compensation Costs in Western States (in thousands)

Source: Idaho State Insurance Fund, May 2006 (200 employees)
Electronics Products Manufacturing (Class Code 3681) (California Class Code 3651 & Washington is a composite rate)

Natural Gas Costs

Idaho can boast some of the lowest natural gas prices in the country. The Williams Pipeline, running through southern Idaho, connects with extensive gas fields in Canada, Mexico and the Western U.S. And, thanks to this supply, both commercial and residential natural gas users find Idaho rates very competitive.

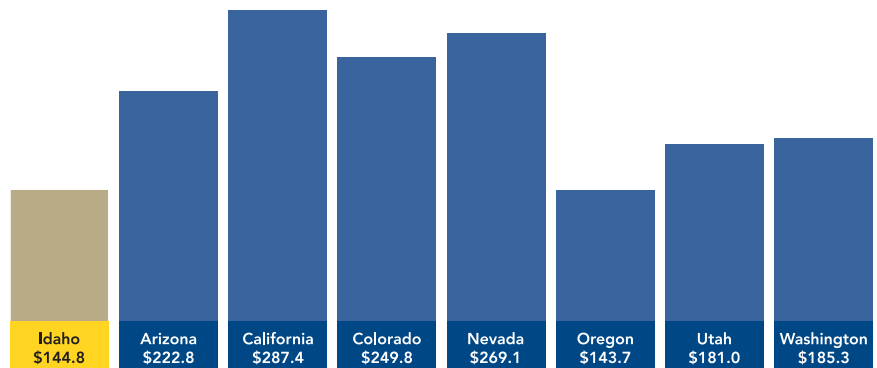


Annual Industrial Natural Gas Costs
(Cost/100,000 therms) in Western States (in thousands)

Source: Intermountain Gas Company, May 2006

Electricity Costs

Over half of Idaho's electricity is produced with low-cost hydropower facilities. As part of the Bonneville Power Administration's northwest power distribution grid, industrial electric rates are lower than most major cities in the nation and about half that of many western cities.



Annual Industrial Electricity Costs
(1,000 kW & 200,000 kWh) in Western States (in thousands)

Source: January 1, 2006 Industrial Rates EEI

Unemployment costs

Idaho's unemployment insurance program adjusts annual employer rates more equitably. This new structure, adopted in 2005, makes the same percentage change, up or down, in the tax rate of every employer, regardless of the experience rating. This new tax mechanism also triggers lower tax rates than the previous system under similar economic conditions. What's more, Idaho's unemployment insurance fund is one of only 12 in the nation that has never had to borrow.

	No. of Employees	Maximum Wage Base	Taxable Amount	New Employer Rate (Average Rate)	Contribution
Idaho	200	\$29,200	\$5,840,000	1.67%	\$97,528
Arizona	200	\$7,000	\$1,400,000	2.1%	\$29,400
California	200	\$7,000	\$1,400,000	3.4%	\$47,600
Colorado	200	\$10,000	\$2,000,000	1.7%	\$34,000
Nevada	200	\$24,000	\$4,800,000	2.95%	\$141,600
Oregon	200	\$28,000	\$5,600,000	3.1%	\$173,600
Utah	200	\$24,000	\$4,800,000	1.6%	\$76,800
Washington	200	\$30,900	\$6,180,000	2.35%	\$145,230

Average Unemployment Insurance Costs for New Employers - 2006

*Tax rate for new employers as a percentage of taxable wages up to the wage base. In Utah and Washington the new employer rate varies by industry. The rate shown in these states is for Electrical Equipment Manufacturing.
Source: May 2006, Idaho Commerce & Labor

#4

Idaho finds and trains workers, stimulates greater profits.

CUSTOMIZED RECRUITING SERVICES

Employers get one-on-one professional guidance in managing the recruitment process. Experienced consultants can visit your work site to identify needs and then effectively match employee prospects to the skills, training and experience required to fill your jobs.

CUSTOMIZED WORK FORCE TRAINING

Idaho supports education and training programs to help provide skilled, productive workers for your company. Training can be tailored to your specific company needs and designed to develop skill sets for your precise requirements. Financial reimbursement is available to eligible companies to cover the cost of training new employees or retaining those facing permanent layoff.

WORKFORCE TRAINING NETWORK

This network coordinates delivery of statewide customized training to meet the needs of Idaho's employers and citizens. All programs are provided in a flexible, professional environment and can be tailored to specific criteria and delivered to best fits a company's needs.

IDAHO BUSINESS NETWORK (IBN)

Idaho's Procurement Technical Assistance Center (PTAC) This network matches the purchasing needs of federal and state agencies with the products and services of Idaho companies. In addition, it provides technical assistance with completing bid documents, offers seminars on evolving procurement practices and hosts the Governor's Business Opportunity Conference to put you face-to-face with purchasing professionals from government agencies and large corporations. Annually, Idaho businesses average over \$100 million in federal and state contracts by taking advantage of the Idaho Business Network.

EXPORT ASSISTANCE

The International Trade Division offers export counseling, seminars and marketing resources to Idaho companies. Marketing opportunities via catalogs, trade shows and trade missions are provided at a nominal fee. Idaho trade representatives in Mexico, China, Taiwan, Korea, India and Japan assist companies by finding business opportunities, distributors and projects. Partnership with the U.S. Commercial Service provides worldwide resources and assistance.

TECHHELP

TechHelp is an organization uniquely positioned to help Idaho manufacturers become more competitive. Lean manufacturing, human performance, quality systems, product development and information technology are all areas in which TechHelp assists Idaho companies.

SMALL BUSINESS DEVELOPMENT CENTERS

The centers deliver up-to-date counseling, training and technical assistance in all aspects of small business management to help small business owners and potential business owners make sound decisions that enable them to succeed.

TECHCONNECT

TechConnect staff act as project managers to access the resources necessary for businesses to commercialize private, university and governmental technologies.



Upscale retail stores where you can shop 'til you drop.



Action-packed Idaho Steelheads Hockey.

Joan Murree and Idaho Steelheads

#5

Idaho augments local governments with infrastructure improvements.

State-sponsored programs and federal grants are earmarked to help Idaho communities and counties with infrastructure improvements that encourage business expansion and strengthen the local economy.

UP TO \$500,000 IN COMMUNITY BLOCK GRANTS

Grants are available to local cities and counties to finance public infrastructure improvements that support business development.

UP TO \$500,000 IN RURAL DEVELOPMENT GRANTS

Grants are available to communities in rural Idaho to facilitate business development, expansion or relocation.

UP TO \$50,000 IN GEM GRANTS

Grants are available to rural communities for projects that create assets with a high certainty of aiding job creation and job retention.

TAX INCREMENT FINANCING

This financial mechanism is available to cities and counties to fund new infrastructure needed to support business development.

ECONOMIC DEVELOPMENT ADMINISTRATION GRANTS

Grants are available to communities for industrial or commercial site development where commercial financing cannot be secured. Loans up to \$10,000 may be granted for each new job created.



*Idaho is home to tech leader
Micron Technology, Inc.*



*Unique floating green at the
Coeur d'Alene course.*



Albertson's supermarket headquarters.



"My administration wants to make Idaho the best place in the country to do business. We offer a full range of business solutions designed to make Idaho businesses grow and prosper."

C.L. "BUTCH" OTTER, GOVERNOR



"Companies from throughout the world are expanding and investing in Idaho. We know what it takes to attract investment and create jobs. Idaho's competitive operating costs, stable tax structure, and technically-skilled and productive workforce lead to exceptional bottom-line profits."

ROGER B. MADSEN, Director

IDAHO
COMMERCE & LABOR

idahoworks.com

Idaho Commerce & Labor
700 W. State St. • PO Box 83720 • Boise, Idaho 83720-0093
Phone: 208-334-2470 • Fax: 208-334-2631
1-800-842-5858

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